



**BLOCK BROS. INDUSTRIES LTD.**

**ANNUAL REPORT 1970**









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## BLOCK BROS. INDUSTRIES LTD.

## ANNUAL REPORT 1970

### HIGHLIGHTS

<b>Operating Data:</b>	<b>1970</b>	<b>1969</b>
Gross Revenue . . . . .	<b>\$15,171,000</b>	\$ 8,684,000
Net Income . . . . .	<b>1,656,000</b>	877,000
Cash Dividends Paid . . . . .	<b>378,000</b>	276,000
Income Reinvested . . . . .	<b>1,278,000</b>	601,000
<b>Year End Position:</b>		
Total Assets . . . . .	<b>55,037,000</b>	36,373,000
Long Term Debt . . . . .	<b>31,940,000</b>	21,736,000
Shareholders' Equity . . . . .	<b>13,924,000</b>	7,244,000
Long Term Debt and Equity as % of Total Assets . . . . .	<b>83%</b>	80%
<b>Shareholders:</b>		
Number of shareholders . . . . .	<b>4,591</b>	2,238
Average No. of Shares Issued . . . . .	<b>5,512,702</b>	4,622,999
Earnings per Share . . . . .	<b>30c</b>	19c
Dividends per Share . . . . .	<b>7c</b>	6c
Cumulative Dividends paid to date . . . . .	<b>1,371,675</b>	993,379



## REPORT TO SHAREHOLDERS

To our Shareholders, Employees and Clients:

It is becoming quite evident that self interest, competition, or survival of the fittest are inadequate motivating principles; we as individuals, and as an organization need a larger guiding purpose. Such a purpose could be to awaken and develop the seed of creativity in every human being that we touch, to maximize the development of the cultural and hereditary talents in ourselves and others. We could then be inspired to pursue knowledge, environmental control, social order and equity, economic efficiency and development of the arts with even greater determination.

Each individual represents a unique package of talent and potential. The maximum development of this creative energy should become our over-riding purpose. Such a view in our total organization cannot but continue to bring about respect man to man, willingness to share decisions, share objectives, share in each other's welfare . . . yes, even share in the responsibility for creating the kind of community in which we work. We can then become totally involved in our work-life without boredom and frustration. We can aspire to creativity which enhances the quality of our lives. Then working conditions, interpersonal relationships, individual motivation and growth, judgment and decision making become the concern of everybody . . . not in a manipulative way but as an over-riding creative purpose.

Productivity alone cannot keep an organization healthy; members of the organization need to identify with the purpose and goals of the Company. More and more production with less and less effort has often been the guideline for management; but production which destroys human values and dignity in its process cannot be justified. Block Bros. management is seeking to involve all members of the organization in making the hours of work purposeful so that they may add to the quality of their lives.

The past year culminated fifteen years of growth for the Company. Despite restrictive monetary and economic conditions, the Company, through its people, has achieved growth in all areas.

	1970	1969	Increase
Gross Revenue (\$000) .	<b>\$15,171</b>	\$8,864	75%
Earnings Before			
Taxes (\$000) . . .	<b>3,529</b>	2,045	73%
Net Income (\$000) . .	<b>1,656</b>	877	89%
Earnings Per Share . .	<b>.30</b>	.19	58%
Total Assets (\$000) . .	<b>55,037</b>	36,373	51%
Real Estate Sales			
(millions) . . . .	<b>169</b>	108	57%

There is, however, a note of caution which will affect the Company's growth rate for the coming year. The restrictive economic conditions of high interest rates, tight money, unsettled labor management conditions, and excessive grain inventories will have a restraining effect for the immediate future. However all demographic studies clearly forecast a strong demand in all sectors of our economy for the next decade. We consider this period of restraint necessary and beneficial to the economy in the long run. There is a further concern which has affected the real estate industry. The White Paper proposes tax changes which we believe will divert money away from housing. Furthermore, the radical changes in taxation are producing a feeling of uncertainty which is seriously affecting the productivity of our economy. We need change and adjustment in our taxation system, but we question the need for such a radical change which is upsetting and will continue to upset the delicate balance of our economy.

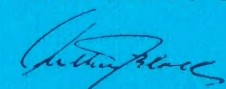
During the year the Company obtained suitable financing for its growth by a private placement for \$3,000,000 of secured notes and a public offering of 700,000 shares at \$7.25 per share. This financing has strengthened the Company's equity base and provided capacity for growth. We are pleased to point out that the average interest rate on the Company's debt is approximately 7% and this debt is all long term. The present capitalization will enable the Company to plan for continued growth during the coming year.

Development of the 108 Mile Ranch recreational community in the Cariboo is proceeding satisfactorily. Development of 1,500 lots, a 5000 ft. air strip, a golf course and a lakeside park have been completed. There is wide acceptance and admiration for the 108 concept. We believe the Company is providing a unique opportunity to the general public to own and enjoy a part of the Cariboo which God has so richly endowed.

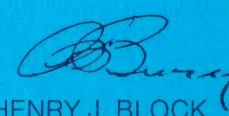
The Company's sales division continues to give leadership in its achievements. Revenue increased by 57%, whereas staff increased by 33%. The professional competence of each man is continuing to receive careful attention. With rapid growth, management is becoming more concerned about keeping all employees involved in the goals of the Company.

People are at the heart of this organization and are not represented on the balance sheet. These human resources will determine the success of this Company. We recognize the support of customers, investors, management and employees and ask for their continued confidence.

For the Board of Directors



ARTHUR J. BLOCK



HENRY J. BLOCK







## IN THIS CHANGING WORLD

Change is constant. There have been improvements made to the quantity and quality of *things* available to us. There are inventions and discoveries, modifications to the fabric of our life.

But the basic needs of life have changed very little. We still must have food and shelter; we need love and safety and a feeling of community; a place to live and a place to carry out our daily work; somewhere to weather a passing storm or contemplate the achievements of our life.

Block Bros. are realtors. But more than that, we hope to contribute to that fabric of life which gives meaning to our endeavours. We hope we can make life more rewarding for people; that we pay our way in society.

In this publication we report to our shareholders, our staff, our clients and to the public at large, all of whom are a part of the Block Bros. story, on what we have been doing to satisfy their needs and to play our proper role in society.

### SERVICE EQUALS SUCCESS

In this time of change the success of the Block Bros. family is the sum result of the effort of many people; salesmen, management, and administration all working together toward a common goal.

Success is also the result of acceptance by people in the community which we serve. Such acceptance is only forthcoming when the company satisfies the needs of the community, provides the services that are required of it, and in some cases anticipates the need for new services. Block Bros. acceptance is a matter of record.

Nor is success limited to our role as marketers of houses. Block Bros. provides a comprehensive range of services, some complementary to the traditional business, some that exist in their own right. Insurance, finance, financial advice, estate planning, land development and construction are all a part of the Block Bros. service.







## A PLACE TO LIVE

The very societal changes that have benefited us so much have also in some ways made life more difficult than in the past. The age-old business of property transaction is more complex because of the size and diversity of our cities, the mobility of people, their demand for instant satisfaction of their needs, the very speed with which requirements change, the changing value of property.

The Block Bros. realtor can operate effectively in this complex atmosphere because he has the experience and the tools to meet the challenge.

His job is made easier by the corporate policies of the company and by the administration of those policies. Personal sales effort is augmented by large-scale advertising, promotional activities, business development programs, the company's diversification geographically and in kind of business. Block Bros. is able to ensure the broadest possible exposure of properties available for sale. Trade Plans offer liquidity and make previously impossible sales practicable. Contact with the financial community ensures that money can be made available to complete the transaction. Management guidance of all transactions helps the salesman and his clients—needs are met in the best way possible.

Though we have experienced change, the business of selling and buying houses is still an intensely personal matter. Success depends on people. The salesman, who is the original unit of service, must understand and successfully satisfy the needs and aspirations of both buyer and seller. He must deserve the trust and confidence of his client.

His job is to bring together, in the most efficient manner, the consumer who needs and the product needed. A Block Bros. salesman, trained and backed by the service of his company, succeeds in this.

More and more he succeeds because of a satisfactory balance that is struck between salesman, client and the company.







## SERVICES FOR A COMMUNITY

Providing homes for the average family, managing offices and apartment buildings, constructing new homes, developing land, insuring, mortgaging. Even looking after children and old people. These are jobs for Block Bros.

The Block Bros. success story reflects the recognition by senior staff (and the communication of that recognition to all staff) of the needs of the community that it serves.

Indeed, Block Bros. serves the needs of a multi-faceted community: the single person needing an apartment, the young married couple in a rented house or buying their first home, a growing family, the older couple wanting a special kind of house, individuals and family groups wanting recreation and retirement property, the businessman wanting to invest in property, to buy a business, or needing management services for a property he already owns.

And these are people who need the services of a real estate company more and more frequently today. The average family moves every four or five years in the Vancouver area. A greater range of services are needed by a greater range of clients. We provide these services — people voluntarily seek us out — they come back time and again.

## BUILDING BETTER SERVICE

In this new decade, the biggest challenge before man is the control of his environment to ensure that it is always pleasant. We need places to live and work that are clean, aesthetically pleasing, that help to enrich our lives.

Block Bros. wants to do more than simply satisfy people's needs with the product that currently exists on the market. With its large resources, the company is doing its part to provide improved housing, commercial and recreational centres. It is already involved in major property development activities, construction and property management.

The company's building divisions have erected more than 750 dwelling units in the past year. These range from high rise apartment blocks in Vancouver's West End to housing projects throughout the Lower Mainland and on Vancouver Island. These projects make better housing available at a price within the reach of most members of the community.







## BREATHING SPACE

Recreation and relaxation will become more and more important to all of us in the future. For children, their parents and the old people of our community, there is a greater need to have breathing space, freedom.

Block Bros. is aware of this need, and has engaged in a number of major recreational projects with a view to making more and more of the countryside available to more people. Details of our work in this field, and a report on our most important project, 108 Mile Ranch, are given later in this report. But the concern with leisure time activity, the pressures of time and space, cannot be limited to far-away facilities that will be used for only a small part of each year.

In housing developments, apartment complexes, Block Bros. are taking cognizance of the need for a quiet corner, a place to play, facilities that offer freedom and relaxation. Most of our apartment blocks, for example, have leisure facilities such as swimming pools, tennis courts, saunas and social rooms. One of our projects, in Richmond, includes a day care centre for children.

## INVESTMENT IN THE FUTURE

Block Bros. was born out of the energy and imagination of its founder brothers. It continues and grows by the regenerating forces of all those who work to make it grow.

Block Bros. ensures security and growth by investment in the community. The company has seen a number of major opportunities for development, and has recognized its responsibility to contribute to the future development of our country by investment in worthwhile projects. This investment makes projects possible, and ensures the financial growth of your company.

In many ways we must serve ourselves to achieve better growth. A modern corporation needs the ideas, the energies and the interest of its employees; new programs must continue to develop for decades to come so that the company can meet needs and provide services.

We must do more than act as good brokers of houses. We must provide a full range of services, interpret the current needs of society and interpret the requirements that will occur in the future. We must not just espouse a philosophy, we must put the philosophy into practice.

On these few pages we have told the Block Bros. story and described our philosophy. That it pays in financial terms is well documented in the remainder of this report. We trust that we show a profit on the human balance sheet as well, that the course we have embarked upon will benefit the community for decades to come.







## FINANCIAL REVIEW

### GROSS INCOME

Gross Income of \$15,171,000 for the year ended January 31, 1970 was the highest in the Company's history, exceeding the previous year's record income of \$8,684,000 by 75%. The effect of diversification of the Company's activities on gross

income may be seen from the following table although it must be recognized that these ratios do not necessarily reflect in net income in the same percentages.

GROSS INCOME  
Thousands of dollars

Type of Activity	1970		1969		1968		1967		1966		1965		1964		1963	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Real Estate Brokerage . . . . .	\$ 8,607	57	\$ 5,414	62	\$ 3,619	66	\$ 2,058	51	\$ 1,557	60	\$ 1,200	61	\$ 1,017	74	\$ 839	87
Interest . . . . .	912	6	588	7	595	11	672	17	708	27	497	25	272	20	111	12
Rental Income . . . . .	4,311	28	1,799	21	987	18	774	19	208	8	—	—	—	—	—	—
Development and Sale of Real Estate . . . . .	1,230	8	751	9	163	3	407	10	35	1	102	5	27	2	14	1
Other . . . . .	111	1	132	1	137	2	88	3	109	4	170	9	51	4	—	—
Total Gross Income . . . . .	\$ 15,171	100	\$ 8,684	100	\$ 5,501	100	\$ 3,999	100	\$ 2,617	100	\$ 1,969	100	\$ 1,367	100	\$ 964	100

### NET INCOME

Net Earnings of \$1,656,000 exceeded those in the preceding year of \$877,000 by 89%. Net income per common share was 30c, an increase of 58% over the previous year record per share earnings of 19c. The Company has changed to reporting per share earnings on the average number of shares outstanding method to more correctly reflect the results of operations. It was not necessary to make this change earlier because it had little or no effect on per share earnings in prior years.

Much attention has recently been given by the financial institutions to the method of expressing earnings per share. The Company has adopted the method of recording deferred income taxes as recommended by the public accounting professions and regulatory bodies.

Although we have adopted this method, we still feel that our shareholders should be aware of the benefits to the Company of funds retained through deferred income taxes.

NET INCOME PER COMMON SHARE (1)

	1970	1969	1968	1967	1966	1965	1964	1963
Earnings per share as previously reported . . . . .	.45	.36	.24	.18	.16	.12	.08	.04
Effect of deferred taxes . . . . .	.15	.17	.08	.04	.06	.02	.02	.00
Earnings per share as presently reported . . . . .	.30	.19	.16	.14	.10	.10	.06	.04

(1) Based on average shares outstanding

### DIVIDENDS

Cash dividends of 7 cents per share were declared and paid for the year ended January 31, 1970. The January, 1970 dividend payment represented the

22nd dividend payment which has been paid by the Company. Since 1963 total cash dividends of \$1,371,675 have been paid.

CASH DIVIDENDS DECLARED AND PAID

	1970	1969	1968	1967	1966	1965	1964	1963
1st Quarter ended April 30	\$ 85,307	\$ 46,912	\$ 44,993	\$ 44,993	\$ 62,275	—	\$ 61,040	—
2nd Quarter ended July 31	105,136	72,944	44,993	44,993	37,365	122,386	—	—
3rd Quarter ended October 31	106,796	73,886	44,993	44,993	37,365	—	—	—
4th Quarter ended January 31	81,072	81,899	44,993	44,993	37,365	—	—	—
Total Dividends Paid . . . . .	\$ 378,311	\$ 275,641	\$ 179,972	\$ 179,972	\$ 174,370	\$ 122,386	\$ 61,040	—
As Percentage of Net Income	23%	31%	29%	34%	48%	34%	30%	—



## ASSETS UNDER ADMINISTRATION

Assets under administration rose by \$18,663,000 to a record \$55,036,000, an increase of 51% over the previous year. A major asset of the Company, which does not receive recognition in the balance sheet, is the real estate sales division, comprised of 600 highly trained and motivated personnel who, in the previous year, were responsible for real estate sales of \$169,000,000.

From the following chart it will be recognized that a large proportion of the Company assets are invested

in fixed income producing properties. In a period of inflation such as we have been experiencing in the past several years, the Company is well positioned against the negative effects of inflation.

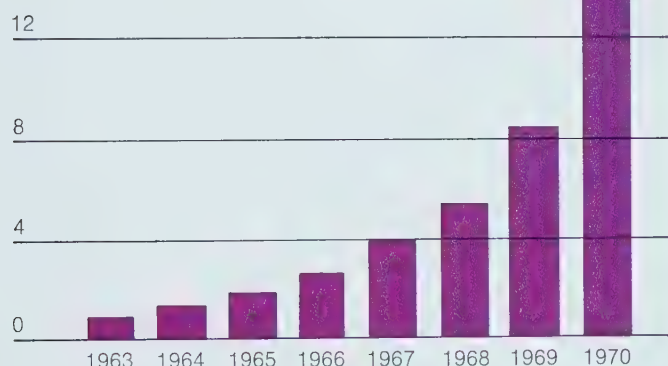
The Company will continue to expand its portfolio of income producing properties either through development of projects by the Company or carefully selected acquisitions such as the purchase of the Burrard Building in 1969.

ASSETS UNDER ADMINISTRATION  
Thousands of dollars

Asset Classification	1970		1969		1968		1967		1966		1965		1964		1963	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Income Producing Properties . . .	\$ 31,368	57	\$ 20,847	57	\$ 7,412	43	\$ 6,857	43	\$ 7,281	47	\$ 2,431	27	940	17	—	—
Mortgage Investments . . .	6,800	12	5,214	14	4,799	28	5,417	34	6,170	40	4,624	51	3,063	55	1,822	63
Inventory of Real Estate for Sale	6,453	12	4,793	13	1,849	11	756	5	151	1	257	3	428	8	383	13
Investments in and Advances to Affiliates . . .	3,105	6	647	2	631	4	539	3	313	2	225	3	114	2	44	2
Other Assets	7,311	13	4,872	14	2,569	14	2,262	15	1,450	10	1,475	16	1,014	18	657	22
<b>TOTAL ASSETS . . .</b>	<b>\$ 55,037</b>	<b>100</b>	<b>\$ 36,373</b>	<b>100</b>	<b>\$ 17,260</b>	<b>100</b>	<b>\$ 15,831</b>	<b>100</b>	<b>\$ 15,365</b>	<b>100</b>	<b>\$ 9,012</b>	<b>100</b>	<b>\$ 5,559</b>	<b>100</b>	<b>\$ 2,906</b>	<b>100</b>

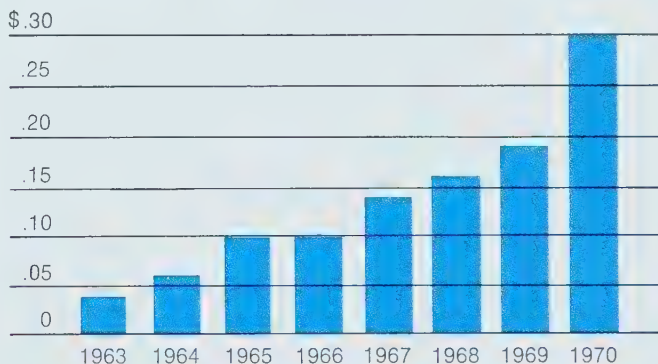
## GROSS INCOME

Millions of Dollars



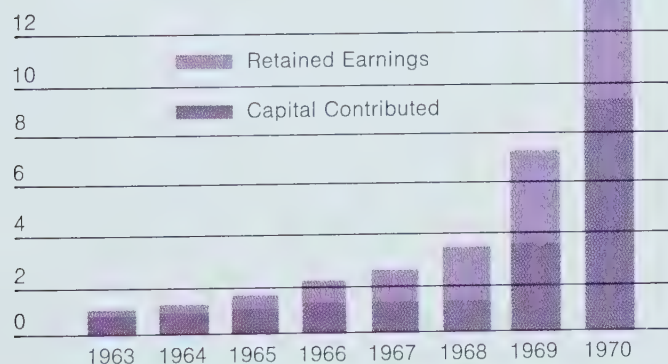
## NET EARNINGS PER SHARE

(based on average number of shares outstanding during the year)



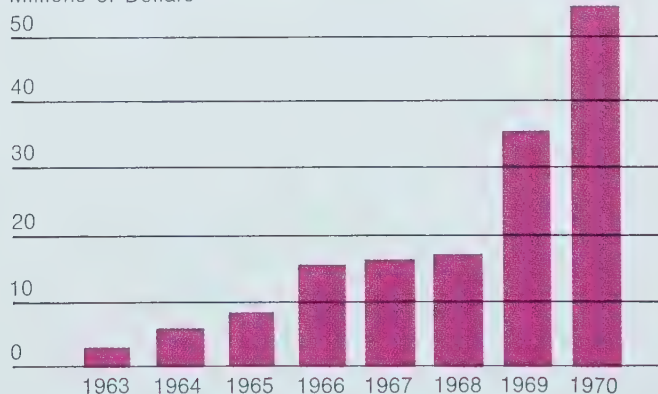
## SHAREHOLDERS' EQUITY

14 Millions of Dollars



## ASSETS UNDER ADMINISTRATION

Millions of Dollars





# REVIEW OF OPERATIONS

## REAL ESTATE AGENCY DIVISION

Block Bros. Industries, through its various divisions, provides housing for a great many people. The growing demand for housing results in increasing opportunities to expand all divisions of the Company. In 1969 the agency sales division established new records: \$169,000,000 in real estate sales were recorded by 589 sales representatives working from 21 sales service centres. This represented an increase of 57% over the previous year's record sales of \$108,000,000. Although the Company derives its sales from areas other than that represented by the Vancouver Real Estate Board an indication of our market penetration is provided by the following figures:

Year	Total Vancouver Real Estate Board Sales	Block Bros. Share of Market
1969	198,000,000	30.4%
1968	170,000,000	28.0%
1967	130,000,000	24.8%
1966	90,000,000	17.1%

## INSURANCE DIVISION

The insurance division continued to expand in 1969 with a sales increase of 76% over 1968. The Company believes in order to provide a complete real estate service package it is necessary to have a trained insurance staff available to service this aspect of a client's needs.

## MORTGAGE DIVISION

The past year has been characterized by higher interest rates and a shortage of mortgage funds. In order to assist builders and home owners with their short term financing needs, the Company has expanded its mortgage division by providing a portion of the funds made available through a secured note issue in May, 1969. Loans are made at prevailing interest rates and are conditional upon favourable credit assessment and appraisal test results.

An analysis of the mortgage portfolio indicates that 30% of the portfolio is repayable in one year. Our policy of confining our activities to the short term mortgage field allows the continual reinvestment of funds to stimulate the other areas of the real estate field serviced by the Company.

## INVESTMENT PROPERTIES DIVISION

This division is continuing to gain prominence as the Company continues its program of diversification. During the past year, either through construction or acquisition, an additional 11 million dollars has been added to the portfolio which has resulted in a gross rental income of 4.3 million dollars, an increase of 140% over the previous year. Because of a shortage of mortgage financing, high interest rates and increased construction costs the Company is finding it increasingly difficult to justify further investment in the apartment construction area. The Company will in the next few months expand its operation into the industrial building field through the development of a 26 acre industrial park.

## PROPERTY MANAGEMENT DIVISION

Professional management of the rental properties of the Company's investment portfolio is provided by a separate Property Management Division which has been developed over the years. This division provides a high standard of service to tenants of the Company's properties. This service is also available to a growing list of outside clients for whom the Division manages properties.

## LAND DEVELOPMENT AND CONSTRUCTION DIVISION

The Company's policy over the years has been to acquire only sufficient serviced or unserved land to meet the requirements of the organization. But because of the limited amount of land available in the Greater Vancouver area and the growing needs of the Company, we have in the past year increased our investment in land in order to meet our short term needs.

Per capita income and leisure time is increasing for many Canadians and has created a growing recreational market. The Company is expanding its facilities to service this market through developments such as the recreational development at 108 Mile House in the Cariboo.

In the past year the Company developed and sold land either in the form of serviced lots, residential single family houses, town houses, apartments or recreational properties for a total sale price of \$15,845,000. Of this amount 66% was sold directly by the corporation while the remaining 34% was sold through affiliated companies.



## CONSOLIDATED BALANCE SHEET

as at January 31, 1970. (With comparative figures for 1969)

<b>ASSETS</b>	<b>1970</b>	<b>1969</b>
Cash (Note 1) . . . . .	<b>\$ 2,578,122</b>	\$ 1,232,845
Accounts and Notes Receivable . . . . .	<b>2,691,067</b>	2,284,783
Investments in and Advances to Affiliates (Note 2) . . . . .	<b>3,104,295</b>	647,467
Inventory of Real Estate for Sale and Development - cost . . . . .	<b>6,452,920</b>	4,792,604
Mortgages and Agreements Receivable . . . . .	<b>6,799,776</b>	5,214,419
Real Estate Investments and Other Assets - cost (Notes 3, 4 and 11) less accumulated depreciation of \$3,342,530 (1969 - \$624,176) . . . . .	<b>32,387,261</b>	21,228,190
Finance Expenses, less Amounts Amortized . . . . .	<b>611,862</b>	517,212
Goodwill and Other Intangibles . . . . .	<b>411,382</b>	455,756
	<b>\$55,036,685</b>	<b>\$36,373,276</b>
<b>LIABILITIES</b>	<b>1970</b>	<b>1969</b>
Bank Loans (secured ) . . . . .	<b>\$ 1,000,000</b>	\$ 1,472,000
Accounts and Notes Payable . . . . .	<b>2,609,601</b>	2,046,984
Mortgages and Agreements Payable on Inventory of Real Estate for Sale and Development . . . . .	<b>2,898,539</b>	2,825,025
Income Taxes Payable . . . . .	<b>659,940</b>	157,860
Unamortized Discounts on Mortgages Receivable . . . . .	<b>374,924</b>	414,906
Mortgages and Loans Payable . . . . .	<b>285,100</b>	253,270
Mortgages Payable on Real Estate Investments (Note 6) . . . . .	<b>20,560,215</b>	12,921,642
Secured Notes (Note 5) . . . . .	<b>5,696,000</b>	2,903,000
Debentures (Note 5) . . . . .	<b>5,683,500</b>	5,911,500
Deferred Income Taxes (Note 7) . . . . .	<b>1,266,872</b>	150,000
Minority Interest . . . . .	<b>78,420</b>	72,618
	<b>41,113,111</b>	<b>29,128,805</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital Stock (Notes 8 and 9):		
Common shares . . . . .	<b>9,165,176</b>	3,627,415
Retained Earnings (per accompanying statement) . . . . .	<b>4,758,398</b>	3,617,056
	<b>13,923,574</b>	<b>7,244,471</b>
	<b>\$55,036,685</b>	<b>\$36,373,276</b>

The accompanying notes are an integral part of this statement.

On behalf of the Board:

A. J. Block, Director

H. J. Block, Director



## CONSOLIDATED STATEMENT OF EARNINGS

for the year ended January 31, 1970. (With comparative figures for 1969)

	1970	1969
Income:		
Gross revenue from commissions, fees and property management income . . . . .	\$ 8,606,628	\$ 5,414,199
Mortgage interest and discounts . . . . .	912,076	587,899
Rental income . . . . .	4,311,248	1,799,068
Profit on sale of real estate . . . . .	1,229,568	751,016
Miscellaneous and other operations (Note 2) . . . . .	111,398	132,044
Total Income . . . . .	15,170,918	8,684,226
Expenses:		
Operating expenses . . . . .	7,220,025	4,771,244
Property operating expenses . . . . .	1,655,848	569,560
Depreciation (Note 3) . . . . .	425,561	186,503
	9,301,434	5,527,307
Interest on Long-Term Liabilities . . . . .	2,334,262	1,065,810
	11,635,696	6,593,117
Earnings before Deducting Income Taxes and Minority Interest . . . . .	3,535,222	2,091,109
Income taxes (Note 7):		
Current . . . . .	1,036,681	383,655
Deferred . . . . .	836,671	784,297
Minority Interest . . . . .	5,802	45,959
	1,879,154	1,213,911
Net Earnings for the Year (Note 7) . . . . .	\$ 1,656,068	\$ 877,198

The accompanying notes are an integral part of this statement.



## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the year ended January 31, 1970. (With comparative figures for 1969)

	1970	1969
Balance at Beginning of Year . . . . .	\$ 3,617,056	\$ 2,173,463
Add: Net earnings for the year . . . . .	1,656,068	877,198
Adjustment on acquisition of subsidiaries . . . . .	—	57,739
	<u>5,273,124</u>	<u>3,108,400</u>
Deduct: Dividends paid . . . . .	378,311	275,641
Deferred income taxes (Note 7) . . . . .	136,415	—
	<u>514,726</u>	<u>275,641</u>
	<u>4,758,398</u>	<u>2,832,759</u>
Deferred income taxes included in the 1969 consolidated statement of earnings but not recorded in the accounts (Note 7) . . . . .	—	784,297
Balance at End of Year . . . . .	<u>\$ 4,758,398</u>	<u>\$ 3,617,056</u>

The accompanying notes are an integral part of this statement.

## CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH

for the year ended January 31, 1970.

### Source of Cash:

Net income from operations . . . . .	\$ 1,656,068	
Items not requiring an outlay of cash —		
Depreciation . . . . .	425,561	
Deferred income taxes . . . . .	836,671	
Other (including amortization of finance expenses of \$42,304) . . . . .	48,106	
	<u>2,966,406</u>	
Issue of shares . . . . .	4,770,500	
Exercise of share purchase warrants . . . . .	328,761	
Issue of secured notes, net of repayments . . . . .	2,793,000	
Proceeds from mortgages payable on real estate investments . . . . .	2,456,369	
Net increase in other payables . . . . .	621,386	\$13,936,422

### Use of Cash:

Investment in net non-cash assets of subsidiary . . . . .	2,250,000	
Deduct shares issued as partial payment . . . . .	320,000	
	<u>1,930,000</u>	
Real estate investments and other assets net of disposals . . . . .	3,703,272	
Repayment of bank loans . . . . .	472,000	
Investment in and advances to affiliates . . . . .	2,456,828	
Inventory of real estate for sale and development . . . . .	1,660,316	
Mortgages and agreements, financing expenses and other . . . . .	1,990,418	
Dividends . . . . .	378,311	12,591,145

Increase in Cash . . . . .		<u>\$ 1,345,277</u>
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The accompanying notes are an integral part of this statement.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Trust Funds:

Not included in cash is a balance of \$842,411 (1969 - \$777,059) held for clients in trust bank accounts.

2. Investments in Affiliates:

Included in the consolidated balance sheet item "investments in and advances to affiliates" is the Company's interest in 50% owned companies. During the current year the Company, which previously followed the cost method of accounting for investments in 50% owned companies, adopted the equity method of accounting for such investments. This change in method had no material effect on earnings for 1970 and prior fiscal years. The Company's share of earnings of 50% owned companies for the year ended January 31, 1970 is shown on the consolidated statement of earnings as "miscellaneous and other operations".

3. Depreciation:

The provision for depreciation on real estate investments is calculated on a 5% sinking fund method based on a useful life of 45 years for concrete buildings and 35 years for frame buildings. Other assets are depreciated on a declining balance method.

4. Acquisition:

On February 15, 1969 Block Bros. Contractors Ltd. (a subsidiary) purchased all of the issued shares of Burrard Building Operations Ltd. for \$2,250,000 payable by the issue of 48,000 common shares (adjusted for the 3 for 1 share split) of Block Bros. Industries Ltd. at a deemed price of \$6.67 per share and the balance in cash. The excess of the cost of the shares over equity in net assets at date of acquisition, amounting to \$1,906,047, has been applied to increase the carrying value of real estate investments.

5. Long-Term Liabilities:

Secured Notes:

	1970	Outstanding January 31, 1969
6¾% Secured Notes, Series A, maturing October 15, 1978 with sinking fund requirements of \$50,000 annually to 1973 and \$100,000 annually from 1974 to 1977 inclusive	\$ 700,000	\$ 750,000
6½% Secured Notes, Series C, maturing November 15, 1979 with sinking fund requirements of \$75,000 annually to 1974 and \$150,000 annually from 1975 to 1979 inclusive	1,125,000	1,200,000
7¼% Secured Notes, Series D, maturing June 15, 1982 with sinking fund requirements of \$50,000 in each of the years 1969 to 1978 inclusive and in each of the years 1980 to 1981	950,000	\$1,000,000
8½% Secured Notes, Series E, maturing May 1, 1984 with sinking fund requirements of \$200,000 in each of the years 1971 to 1983 inclusive	3,000,000	—
	<u>5,775,000</u>	<u>2,950,000</u>
Deduct: Held for redemption	79,000	47,000
	<u>\$5,696,000</u>	<u>\$2,903,000</u>

Debentures:

6¼% Convertible Sinking Fund Debentures Series A, maturing May 1, 1979 with sinking fund requirements of \$40,000 in each of the years 1969 to 1978 inclusive	\$ 23,000	\$ 112,500
7% Sinking Fund Debentures, Series B, maturing June 15, 1980 with sinking fund requirements of \$40,000 in each of the years 1968 to 1979 inclusive	720,000	760,000
6½% Convertible Sinking Fund Debentures, Series C, maturing October 15, 1988 with sinking fund requirements of \$175,000 in each of the years 1974 to 1987 inclusive	4,971,000	5,000,000
7% Sinking Fund Debentures, maturing June 1, 1969 with sinking fund requirements of 20% of the debentures annually to 1969 inclusive	—	60,000
	<u>5,714,000</u>	<u>5,932,500</u>
Deduct: Held for redemption	30,500	21,000
	<u>\$5,683,500</u>	<u>\$5,911,500</u>

Provisions of the trust deeds and agreements under which the secured notes and debentures were issued restrict the payment of dividends if certain conditions are not met.

6. Mortgages Payable on Real Estate Investments:

First mortgages on real estate investments at interest rates of 6¾% to 7¾%	\$18,569,771
Second mortgages on real estate investments at interest rates of 5 to 11%	1,990,444
	<u>\$20,560,215</u>
Approximate current portion due within one year	<u>\$ 473,350</u>

7. Income Taxes:

For the 1966 to 1969 fiscal years the companies (except for the subsidiary acquired during the current year) used the taxes payable basis of accounting for income taxes. In the current year the companies adopted the tax allocation basis as recommended by the Canadian Institute of Chartered Accountants. Income taxes deferred to January 31, 1969 amounted to \$2,145,195 of which \$427,712 had been recorded in the accounts as deferred income taxes (including \$277,712 recorded by the subsidiary acquired during the current year). Income taxes of \$136,415 deferred in prior years (but not recorded in the accounts) became payable in the current year and have been applied against retained earnings. The accumulated tax reductions to January 31, 1970 amount to \$2,845,451 of which \$1,266,872 has been recorded in the accounts as deferred income taxes.

The comparative figures for the year ended January 31, 1969 on the consolidated statement of earnings have been restated to include deferred income taxes, but such amounts have not been recorded in the accounts.



8. Share Capital:*	No. of Shares	Amount
Authorized —		
10,000,000 common shares without nominal or par value		
Issued and Fully Paid —		
Balance, beginning of year . . . . .	4,972,881	\$3,627,415
Issued during the year		
—on conversion of 6¼ % and 6½ % Convertible Sinking Fund Debentures . . . . .	84,750	118,500
—on the exercise of share Purchase Warrants . . . . .	317,472	328,761
—on purchase of Burrard Building Operations Ltd. (Note 4) . . . . .	48,000	320,000
—by underwriting of November 19, 1969 . . . . .	700,000	4,770,500
	<u>6,123,103</u>	<u>\$9,165,176</u>

\*The number of shares authorized and issued has been changed to reflect a three for one share split effected on May 30, 1969 and the increase in the number of authorized shares to 10,000,000.

9. Details of Common Shares Reserved:

	No. of Shares
(a) For Share Purchase Warrants exercisable at \$1.00 per share up to October 15, 1973 . . . . .	199,119
(b) For Share Purchase Warrants exercisable at \$1.20 per share up to June 15, 1974 . . . . .	123,555
(c) For Share Purchase Warrants exercisable at \$7.50 per share up to May 1, 1979 . . . . .	186,207*
(d) For the conversion of Series A Debentures . . . . .	20,850
(e) For the conversion of Series C Debentures . . . . .	745,650
	<u>1,275,381</u>

\*Upon exercise of these Share Purchase Warrants, holders are entitled to receive additional common shares if the Company has issued common shares at a price less than \$7.50 per share.

10. Remuneration of Directors:

The total remuneration paid during the year to directors was \$130,700 (1969 - \$51,550).

11. Commitments and Contingent Liabilities:

- (a) Included in real estate investments is construction in process of \$994,172. The estimated costs to complete these projects are \$1,415,000 for which mortgage financing has been arranged.
- (b) The companies have entered into lease agreements for terms to ninety-nine years with minimum annual rental payments of \$117,767.
- (c) A subsidiary company has entered into an agreement to purchase certain building lots upon completion of subdividing and servicing at an approximate cost of \$645,000.
- (d) The Company is contingently liable as guarantor of bank loans and letters of credit in the amount of \$1,607,189.

## AUDITORS' REPORT

To the Shareholders of  
Block Bros. Industries Ltd.

We have examined the consolidated balance sheet of Block Bros. Industries Ltd. and subsidiary companies as at January 31, 1970 and the consolidated statements of earnings, retained earnings and source and use of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 31, 1970 and the results of their operations and the source and use of their cash for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the changes in accounting for investments in affiliated companies and for income taxes, as set out in Notes 2 and 7 to the consolidated financial statements.

COLLINS, LOVE, EDDIS, VALIQUETTE & BARROW  
Chartered Accountants

Vancouver, B.C.  
April 3, 1970.



## EIGHT YEAR FINANCIAL REVIEW

(Data in thousands except for statistical data)

FINANCIAL	1970	1969	1968	1967	1966	1965	1964	1963
Cash . . . . .	<b>2,578</b>	1,233	459	492	428	429	117	69
Accounts and Notes Receivable	<b>2,691</b>	2,285	1,398	1,177	460	530	530	310
Investments in and Advances to Affiliates . .	<b>3,105</b>	647	631	539	313	225	114	44
Inventory of Real Estate for Sale . . . . .	<b>6,453</b>	4,793	1,849	756	151	257	428	383
Mortgages and Agreements Receivable . . . . .	<b>6,800</b>	5,214	4,799	5,417	6,170	4,624	3,063	1,822
Real Estate Investments . .	<b>31,368</b>	20,847	7,412	6,857	7,281	2,431	940	—
Furniture and Fixtures . . .	<b>1,019</b>	381	130	108	64	46	31	30
Other . . . . .	<b>1,023</b>	973	582	485	498	470	336	248
<b>Total Assets</b> . . . . .	<b>55,037</b>	36,373	17,260	15,831	15,365	9,012	5,559	2,906
Bank Loans . . . . .	<b>1,000</b>	1,472	170	460	—	400	25	—
Accounts and Notes Payable .	<b>5,508</b>	4,871	2,390	1,070	747	563	702	256
Income Taxes Payable . . . .	<b>660</b>	158	141	99	66	88	109	69
Unamortized Mortgage Discounts . . . . .	<b>375</b>	415	475	569	551	515	423	354
Secured Notes . . . . .	<b>5,696</b>	2,903	3,543	3,910	5,154	3,225	1,760	765
Mortgages and Loans Payable	<b>285</b>	253	387	395	254	434	529	230
Mortgages Payable on Real Estate Investments . . . .	<b>20,560</b>	12,922	4,984	4,843	4,600	1,113	600	—
Debentures . . . . .	<b>5,684</b>	5,912	1,627	1,766	1,809	1,012	260	300
Deferred Income Taxes . . .	<b>1,267</b>	150	150	150	150	148	—	—
Minority Interests . . . . .	<b>78</b>	73	29	9	—	—	—	—
<b>Total Liabilities</b> . . . . .	<b>41,113</b>	29,129	13,896	13,271	13,331	7,498	4,408	1,974
Common Shares . . . . .	<b>9,165</b>	3,627	1,191	1,130	1,130	1,020	834	800
Retained Earnings . . . . .	<b>4,759</b>	3,617	2,173	1,430	904	494	317	132
<b>Total Shareholders' Equity</b> . . . . .	<b>13,924</b>	7,244	3,364	2,560	2,034	1,514	1,151	932
<b>Total Liabilities and Equity</b> . . . . .	<b>55,037</b>	36,373	17,260	15,831	15,365	9,012	5,559	2,906



<b>OPERATIONS</b>	<b>1970</b>	1969	1968	1967	1966	1965	1964	1963
Real Estate Brokerage, Insurance Commission and Fees . . . . .	<b>8,607</b>	5,414	3,619	2,058	1,557	1,200	1,017	839
Interest and Discounts . . . .	<b>912</b>	588	595	672	708	497	272	111
Rental Income . . . . .	<b>4,311</b>	1,799	987	774	208	—	—	—
Profit on Sale of Real Estate . .	<b>1,230</b>	751	163	407	35	102	27	14
Miscellaneous and Other Operations . . . . .	<b>111</b>	132	137	88	109	170	51	—
<b>Total Income</b> . . . . .	<b>15,171</b>	8,684	5,501	3,999	2,617	1,969	1,367	964
Operating Expenses . . . . .	<b>7,220</b>	4,771	3,024	1,832	1,415	1,150	895	716
Property Operating Expenses . .	<b>1,656</b>	570	395	304	66	—	—	—
Depreciation . . . . .	<b>426</b>	186	126	113	18	12	6	6
Interest on Long Term Debt . .	<b>2,334</b>	1,066	791	835	465	218	108	44
Minority Interest . . . . .	<b>6</b>	46	20	9	—	—	—	—
<b>Total Expenses</b> . . . . .	<b>11,642</b>	6,639	4,356	3,093	1,964	1,380	1,009	766
Earnings Before Income Taxes . .	<b>3,529</b>	2,045	1,145	906	653	589	358	198
Income Taxes - Current . . . .	<b>1,037</b>	384	222	200	68	141	109	66
Deferred . . . . .	<b>836</b>	784	303	176	217	84	46	18
<b>Total Income Taxes</b> . . . . .	<b>1,873</b>	1,168	525	376	285	225	155	84
<b>Net Earnings for Year</b> . . . . .	<b>1,656</b>	877	620	530	368	364	203	114
<b>STATISTICAL DATA</b>	<b>1970</b>	1969	1968	1967	1966	1965	1964	1963
Common Shares Outstanding - End of period . . . . .	<b>6,123,103</b>	4,972,881	3,910,815	3,856,515	3,736,515	3,736,515	3,177,765	3,075,015
Common Shares Outstanding - Average . . . . .	<b>5,512,702</b>	4,622,999	3,910,815	3,856,515	3,736,515	3,736,515	3,177,765	3,075,015
Common Shares Reserved . . . .	<b>1,275,381</b>	1,491,396	1,437,150	1,320,000	1,440,000	1,320,000	1,160,250	666,000
Common Shares Reserved as percentage of issued . . . .	<b>21%</b>	30%	37%	34%	39%	35%	37%	22%
No. of Shareholders . . . . .	<b>4,591</b>	2,238	1,283	1,265	1,158	427	359	339
Earnings per Share before deferred tax . . . . .	<b>\$ .45</b>	.36	.24	.18	.16	.12	.08	.04
Earnings per Share after deferred tax . . . . .	<b>\$ .30</b>	.19	.16	.14	.10	.10	.06	.04
Dividends Paid . . . . .	<b>\$ 378,000</b>	276,000	180,000	180,000	175,000	123,000	61,000	—
Dividends per Share* . . . . .	<b>\$ .07</b>	.06	.05	.05	.05	.03	.02	—
Dividends as percentage of Net Income . . . . .	<b>23%</b>	31%	29%	34%	48%	34%	30%	—

\*Calculated to the nearest full cent and based on the average number of shares outstanding.

Certain figures have been revised for comparison purposes to reflect the accounting changes in the current year, and to reflect the three for one stock split on May 30, 1969.



## PRINCIPAL REPAYMENTS OF LONG TERM DEBT

ANNUAL PRINCIPAL REPAYMENTS (Thousands of dollars)

<b>Secured Notes</b>														
When Placed	Interest Rate	Due Date	Balance Jan. 31/70	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980 & Later
1963	6¾ %	1978	683,000	33	50	50	50	100	100	100	100	100		
1964	6½ %	1979	1,109,000	59	75	75	75	75	150	150	150	150	150	
1967	7¼ %	1982	904,000	4	50	50	50	50	50	50	50	50		500
1969	8½ %	1984	3,000,000	—	200	200	200	200	200	200	200	200	200	1,200
Total Secured Notes			5,696,000	96	375	375	375	425	500	500	500	500	350	1,700
<b>Debentures</b>														
1964	6¾ %	1979	23,000									23		
1965	7 %	1980	690,000	10	40	40	40	40	40	40	40	40	40	320
1968	6½ %	1988	4,971,000					146	175	175	175	175	175	3,950
Total Debentures			5,684,000	10	40	40	40	186	215	215	215	238	215	4,270
<b>Mortgages</b>														
No. of Mortgages	Average Interest Rate													
1	5 %		1,650,000	68	71	75	78	82	87	91	96	100	106	796
1	6 %		3,932,000	199	211	224	237	252	267	283	300	319	338	1,302
5	6¾ %		6,912,000	88	95	101	108	116	121	126	132	137	144	5,744
6	7 %		1,198,000	48	50	48	42	43	46	49	53	56	61	702
1	7¼ %		974,000	12	13	13	15	16	17	18	19	21	22	808
2	7½ %		411,000	8	9	9	10	11	11	12	13	14	15	299
2	7¾ %		1,834,000	13	14	15	16	18	19	21	22	24	26	1,646
3	8 %		506,000	5	6	6	406	7	8	8	9	9	10	32
2	8⅞ %		2,646,000	16	34	37	41	44	48	53	58	63	68	2,184
6	10¼ %		497,000	17	18	20	23	25	27	29	33	36	40	229
Total Mortgages			20,560,000	474	521	548	976	614	651	690	735	779	830	13,742
Total Long Term Debt			31,940,000	580	936	963	1,391	1,225	1,366	1,405	1,450	1,517	1,395	19,721

## MORTGAGE PORTFOLIO

MATURING WITHIN							
Rank of Charge	No. of Mortgages	Total	1 Year or less	5 Years	10 Years	15 Years	Over 15 Years
<b>By Maturity</b>							
First	359	\$3,086,079	1,303,319	398,331	1,046,833	284,092	53,504
Second	432	3,184,392	560,104	952,657	1,038,325	491,609	141,697
<b>TOTAL</b>	<b>791</b>	<b>6,270,471</b>	<b>1,863,423</b>	<b>1,350,988</b>	<b>2,085,158</b>	<b>775,701</b>	<b>195,201</b>
Total: By Percentage		100%	30%	22%	33%	12%	3%
<b>By Type</b>							
			Residential	Apartments	Motels/Hotels	Commercial	Land
First	359	3,086,079	829,622	241,751	201,288	214,534	1,598,884
Second	432	3,184,392	939,994	1,820,819	234,547	8,324	180,708
<b>TOTAL</b>	<b>791</b>	<b>6,270,471</b>	<b>1,769,616</b>	<b>2,062,570</b>	<b>435,835</b>	<b>222,858</b>	<b>1,779,592</b>
Total: By Type		791	543	38	7	18	185
<b>By Area</b>							
			Greater Vancouver	Vancouver Island	108 Mile Ranch	British Columbia	
First	359	3,086,079	1,728,629	412,295	375,775	569,380	
Second	432	3,184,392	2,644,573	294,925	2,181	242,713	
<b>TOTAL</b>	<b>791</b>	<b>6,270,471</b>	<b>4,373,202</b>	<b>707,220</b>	<b>377,956</b>	<b>812,093</b>	
Total: By Area		791	561	68	102	60	

### PROJECTED REPAYMENTS (Principal and Interest)

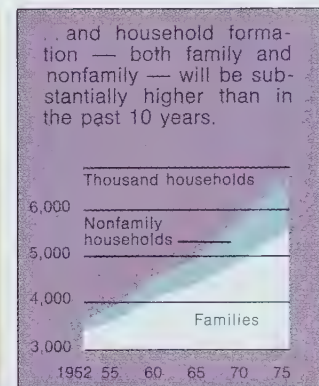
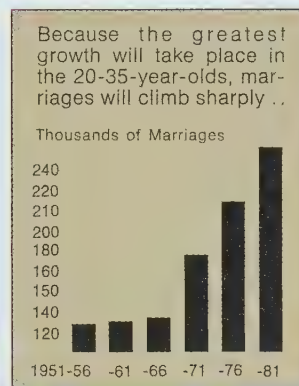
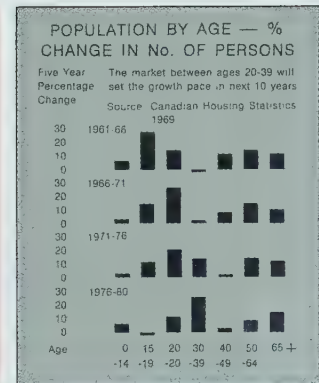
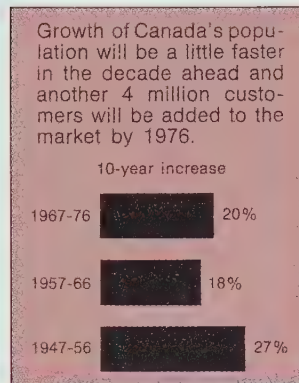
Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Dollars (in thousands)	2,674	918	687	596	763	415	289	211	176	152	& Later 555

NOTE: Schedule does not include Short Term Notes and Mortgages with an approximate value of \$529,000 placed in the financing of real estate sales.



## PROSPECTS FOR THE FUTURE

The success achieved by Block Bros. in a relatively short period of time is due in large measure to people who have been allowed to exercise initiative and to grow as individuals. The Company, by setting goals and objectives and supplying the needed tools, has attempted to create an atmosphere that will allow the individual to meet his personal needs and wants and in the process enlarge the scope and increase the value of the Company. A second factor that assures the success of the Company is that it services a market that by all indicators will continue to expand at an unprecedented rate at least into the '80s. The Economic Council of Canada in their sixth annual review of the Canadian economy indicate that the volume of expenditures for housing between 1967-1975 will grow at the rate of 6.1% per year implying a total increase of about 1¾ million new housing units in these eight years. In the period from 1967-1969 an average of 190,000 units were started annually indicating an average annual housing start of 236,000 units in the next five years. Components that make up the housing demand are indicated by the following tables:



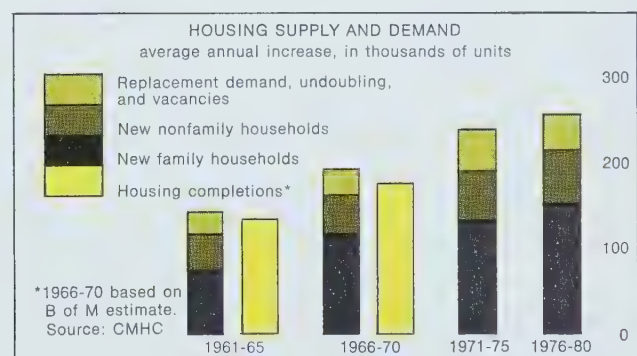
Factors which indicate future housing demands

COMPONENTS OF HOUSING DEMAND BASED ON DEMOGRAPHIC TRENDS (Annual Averages)

TYPE AND PERIOD	Actual 1961-66	1966-71	Estimated 1971-76	1976-81
		(Thousands of units)		
Net family formation	76	111	135	155
Undoubling	11	11	8	6
Net non-family household formation	37	50	56	60
Net replacement demand	10	13	21	26
Vacancies	6	5	10	10
<b>TOTAL DEMAND</b>	<b>140</b>	<b>190</b>	<b>230</b>	<b>257</b>

SOURCE: Based on data from Central Mortgage and Housing Corporation.

The demand for housing in the last five years has resulted in large increases in the price of a house despite a comparatively large increase in housing stock. The consumer price index indicates that while the rent component of the index in 1968 rose by 4.4% compared to 1967 the cost of home ownership rose by 7.3% as a result of higher house prices, increased financing costs and property taxes. A 5 year comparison of sales in Vancouver and Toronto is indicated in the following table:



AREA AND PERIOD	1965	1966	1967	1968	1969
<b>VANCOUVER MULTIPLE LISTING SERVICE</b>					
*Average Sale Price through M.L.S.	\$ 13,964	\$ 15,200	\$ 17,836	\$ 20,595	\$ 23,939
Dollar Volume (\$000)	\$ 71,989	\$ 90,425	\$130,188	\$169,688	\$197,788
Unit Sales	5,155	5,949	7,299	8,239	8,262
Building Starts — Single dwelling, row housing and apartments	11,684	9,138	13,896	15,690	17,690
<b>METROPOLITAN TORONTO MULTIPLE LISTING SERVICE</b>					
*Average Sale Price	\$ 18,883	\$ 21,950	\$ 24,681	\$ 27,637	\$ 29,931
Dollar Volume (\$000)	\$281,165	\$326,687	\$367,416	\$430,302	\$473,422
Unit Sales	14,890	14,883	14,886	15,570	15,817

\*Average price is for all properties sold through Multiple Listing Service, not just houses.  
SOURCE: Canadian Association of Real Estate Boards and C.M.H.C.



## UNDER A WIDE BLUE SKY

A man and his son walking by a tree-lined stream with fishing poles. The smell of baking bread, wood smoke. Wind in the trees, ripples on still morning water. Stars at night. Flowers, animals, grass, the earth, white snow. Grandmothers, a laughing child. Families together and at ease.

Ever since the beginning of that great Industrial Revolution that flung man without warning into the twentieth century and caused him to become a city creature, he has dreamed of having a piece of land that he could call his own, somewhere to escape the pressures of the world, rediscover himself, be himself.

Block Bros. is helping to make this possible; and not just for the very rich.

Recognizing that recreational land and tourism are one of British Columbia's major industries, the company established the Recreational Lands Division early in 1969. The division operates the Block Bros. Recreational Lands Information and Sales Centre on Kingsway in Vancouver to provide information and to sell land.

The division's 20 sales staff are able to provide full information about properties that are for sale . . . and about weather conditions, travel facilities, the history of a region or a town. The centre has over 1,000 maps of British Columbia in its files.

The centre serves people who want to own a part of one of the world's greatest remaining recreational areas . . . an area that has sea, mountains, plains, desert, lakes . . . whatever you would like. It is helping to open up our fine province, to bring more tourists and to develop better facilities that will benefit us all.

Block Bros. is co-operating with other brokers in the province to establish a world-wide promotion of the recreational land available in British Columbia. Potential clients in the U.S.A., England, Germany and Hong Kong have bought the comprehensive catalogue of available lands produced quarterly by the centre and including information provided by other B.C. brokers. Two issues were produced in the last six months of 1969, and 7500 copies were distributed. Projections call for the sale of 15,000 to 20,000 copies each year.

The company is also engaged in the development of new recreational land for retirement, family use and investment. Under way in 1969 were projects on Gabriola Island, at Porpoise Bay on the Sechelt Peninsula, Ship's Point south of Nanaimo, Campbell River, and others. Consideration is being given to a major project on Hernando Island in the Gulf of Georgia.

While each of these developments has something that makes it different from the others, one thing is constant. They are planned by Block Bros. so that the purchaser gets the best possible lot, with the best amenities. At the same time, park and beach areas are left open to be shared by everyone who lives there, and by the public too. Great care is taken to preserve the atmosphere and ecology of the original site.

Plans call for continued expansion of the Division, which was able to achieve a sales volume of over \$3,500,000 in its first nine months of operation. Further B.C. Recreation Land Information and Sales Centres will be opened as volume increases. Projections indicate that 1970 will see recreational land sales reach a volume of \$10,000,000 or more.







## 108 MILE RANCH

### *A Land Without Fences*



Block Bros.' 108 Mile Ranch is a symbol of the company's commitment to the development of recreational land in British Columbia. Already one of the biggest success stories that the company has to tell, 108 is the first major step we have taken in recreational land development.

Located in British Columbia's beautiful Cariboo country, on a 3000 ft. high arid plateau, 108 is a place of natural beauty, 26,000 acres of open valleys, low hills and lakes. There are still hundreds of different animals, a great variety of trees and flowers, outcroppings of strange rock on miles of countryside that are yet to be explored. 108 is maintained as an operating ranch, so there are round-ups to watch, the stepping stone between days gone by and this technological present.

108 is a total recreation resort. Designed to ensure that no one will infringe on the other person's rights, where lakeshore is left as open parkland for all residents of the development, not just for the few who can pay those extra dollars for such valuable property. Though designed to provide a great variety of amenities, one of the main objectives has been to ensure that the price would be within everyone's reach.

Come to 108 in the spring, when there are long days of sunshine, millions of wild flowers, budding trees, and all the activities generated by nature. Or come in the summer, with long warm days, cool and comfortable nights. And in the fall, when the

countryside is alive with brilliant colours and the weather is still pleasant and warm. Then the winter with snow, skiing, ski-dooing, tobogganing, ice skating on the frozen lakes. Yes, 108 is a year round vacation spot.

There's an 18 hole PGA standard golf course, miles of trails for riding horses, lakes for fishing, swimming and canoeing . . . and grass where you can sleep away a hot summer afternoon.

Marketed only since summer, 1969, already over 400 lots have been sold. Projections indicate that sales will be 900 to 1000 annually until the project is complete. Between 5000 and 7000 recreational homesites will be developed on the 40 square miles of ranch land. This will leave over 20,000 acres free for recreational land; it will leave the ecology of the area as intact as possible.

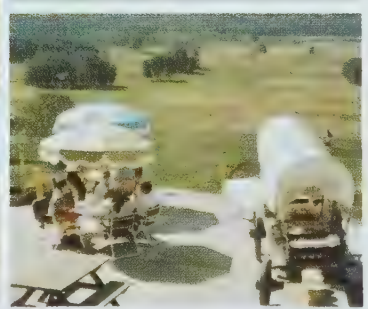
Ideal as recreational property, for investment or as a place to start a new business venture, 108 Mile Ranch is gaining excellent acceptance.

One day the ranch will have a "Sold Out" sign on it. But that won't mean the end for those people who want a place of their own in the wild country. With the experience gained in the development of 108, Block Bros. has the skills to consider other developments in other regions of the province. Such projects would of course cater to the particular ecological characteristics of the region.

Leisure time has a great future ahead of it in B.C.



ACTIVITIES AT THE 108 MILE RANCH





## INVESTMENT, COMMERCIAL AND INDUSTRIAL

The growing complexity of developing and owning industrial and commercial property has contributed to the rapid growth of Block Bros.' Industrial, Commercial and Investment division. With a staff of over 60 in three offices in Vancouver and Victoria, and serving clients throughout the Province, the division has become involved in an increasing variety of projects including land assembly, construction, finance, property management and leasing. Clients include industrial and commercial firms, motels, resorts, ranches, office buildings and people with investment land.

New conditions such as those imposed by the White Paper on Taxation have resulted in the need for increased sophistication in the handling of property investment through better control of depreciation, the need for a good cash flow, and decisions on re-investment. The new computerized investment analysis program announced by the company at year end is designed to achieve these necessary results. This program, believed to be the first of its kind in Canada, is able to take many factors into account: income, expenses, mortgage amortization, inflation, etc. This facility contributes significantly to the need for control experienced by most enterprises these days, as well as offering greatly improved estate planning capabilities.

Block Bros. is engaged by many clients to handle their property investment, including shopping centres. One of the most interesting projects undertaken by the division in 1969 was the acquisition of 26 acres of land on Marine Drive in Vancouver. Six acres were leased back to the client. The remaining 20 acres will be developed by Block Bros. as a light industrial and commercial complex.

Future prospects for the division appear excellent, particularly in view of such major developments as the Roberts Bank Superport which will stimulate investment in industrial developments in the lower mainland's delta area.







## INVESTMENT PORTFOLIO

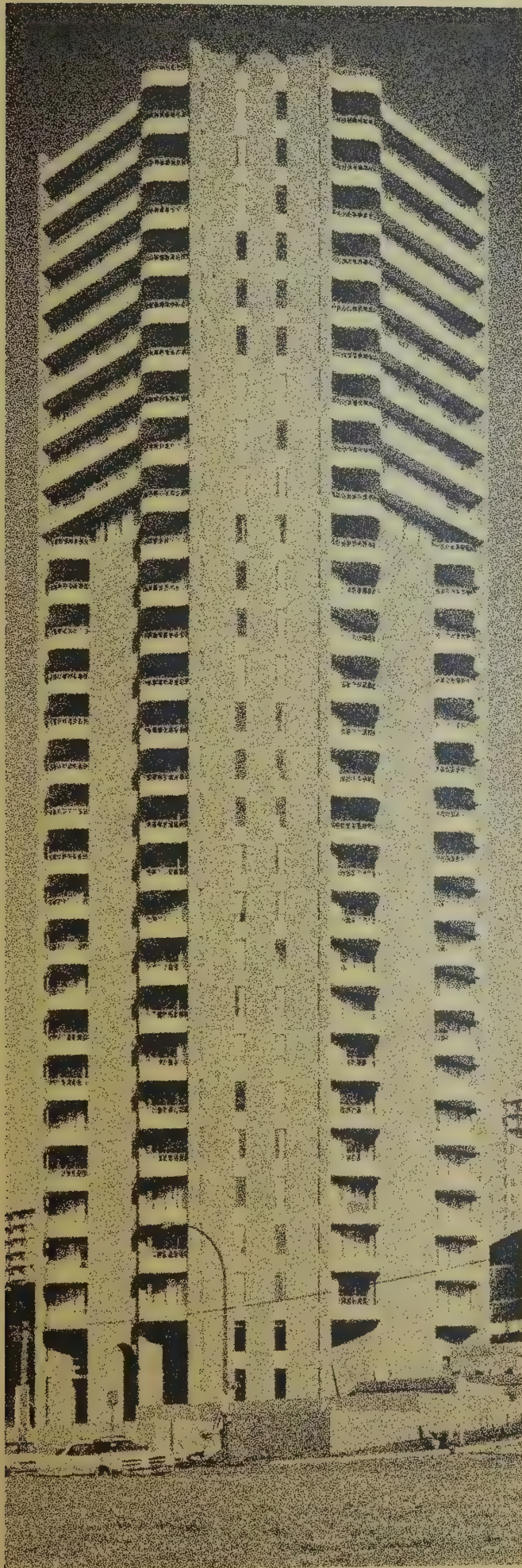


*Block Building*



*Beach Towers*

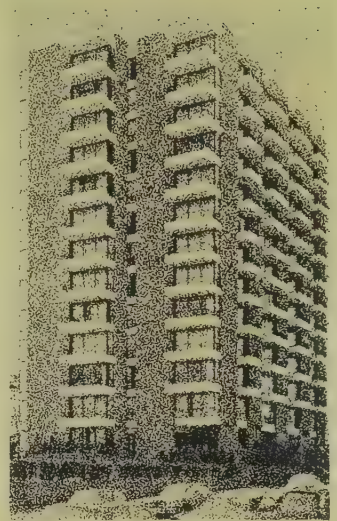




Sunset Plaza



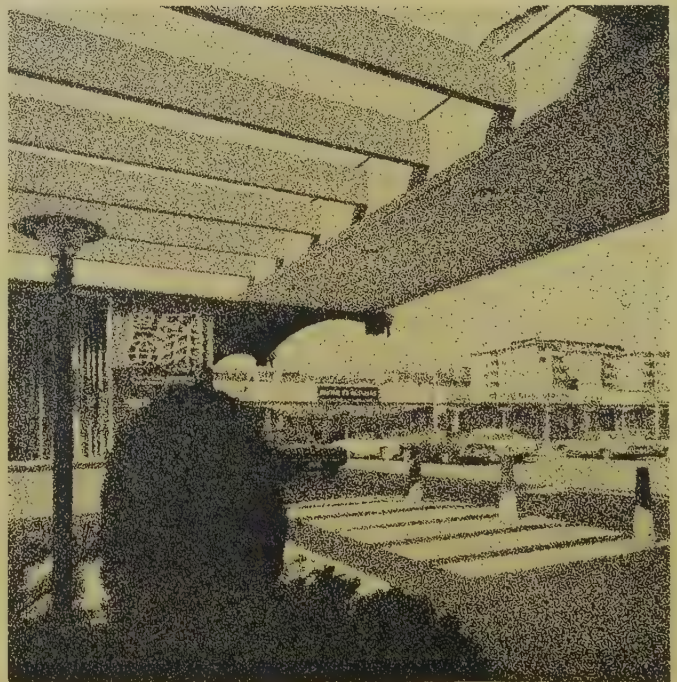
York House



Century House



Mary Hill

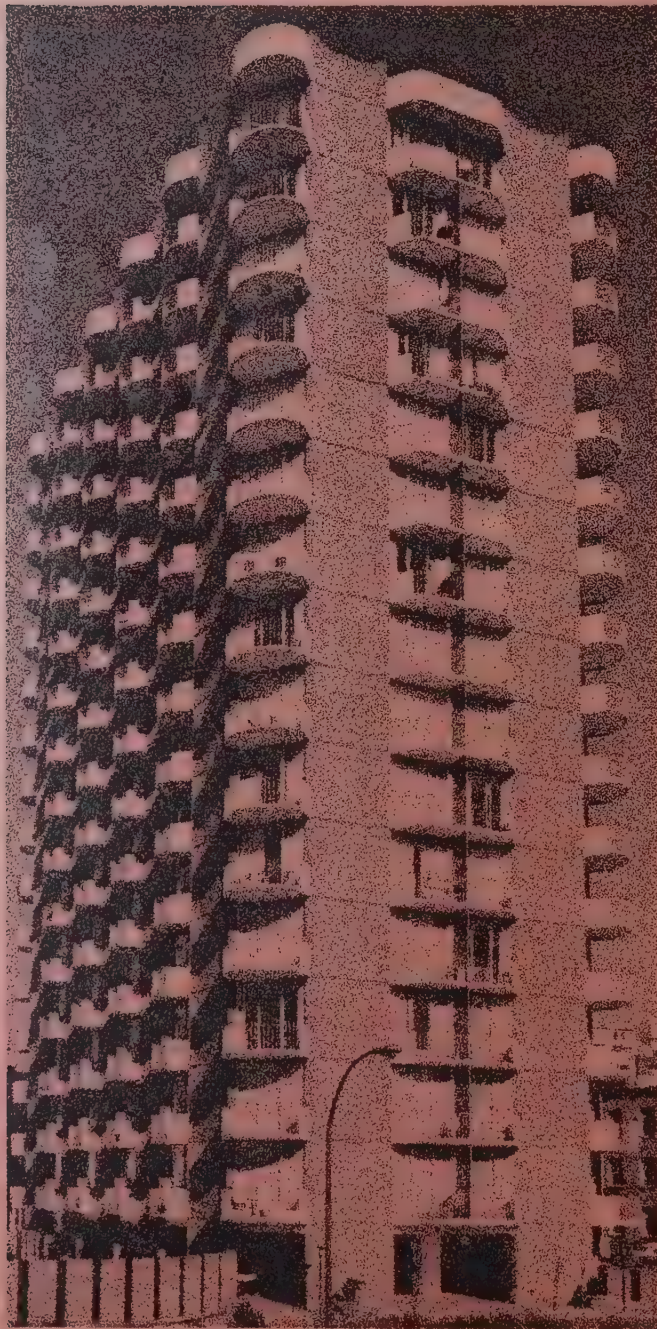


Royal Square Shopping Centre





*St. Roch*

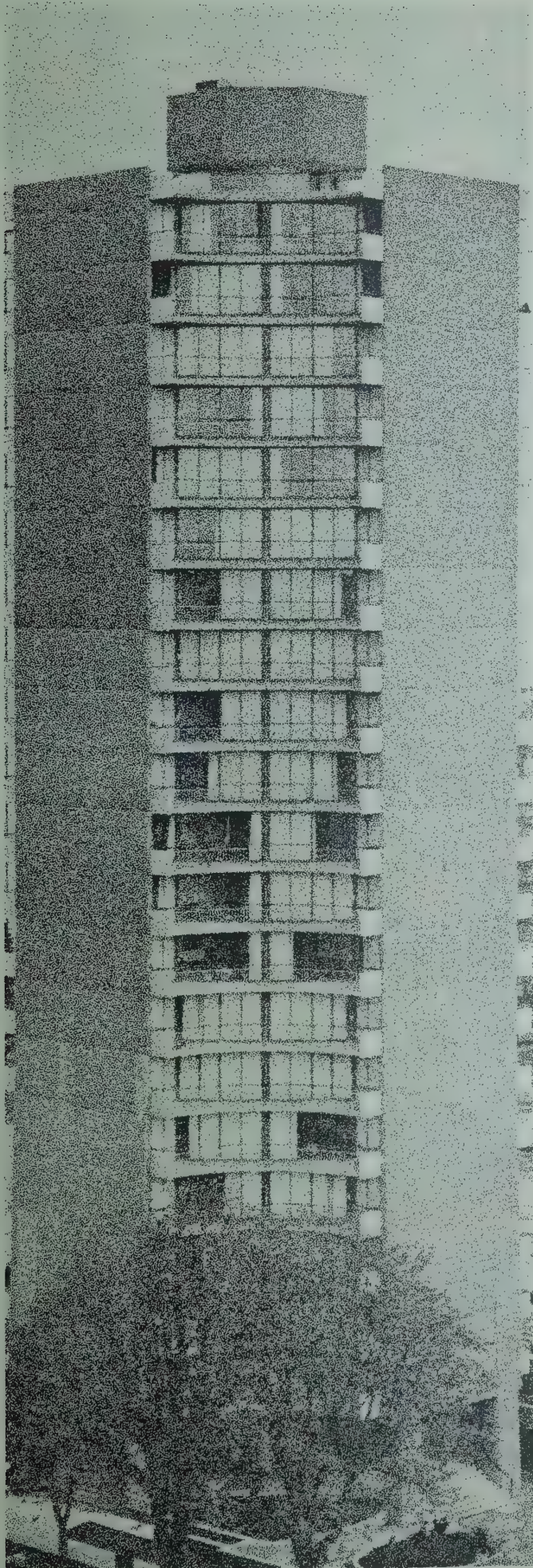


*Emerald Terrace*

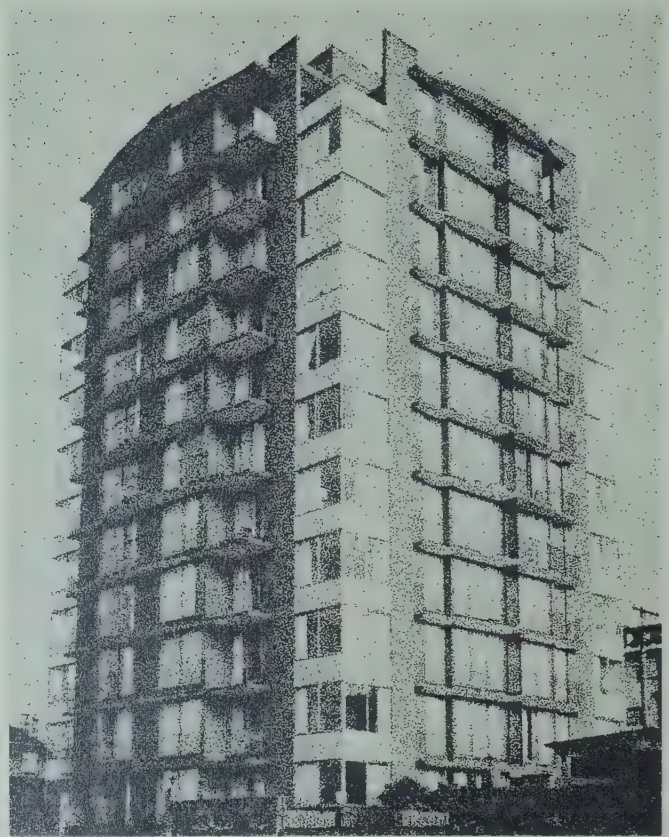


*Camosack*

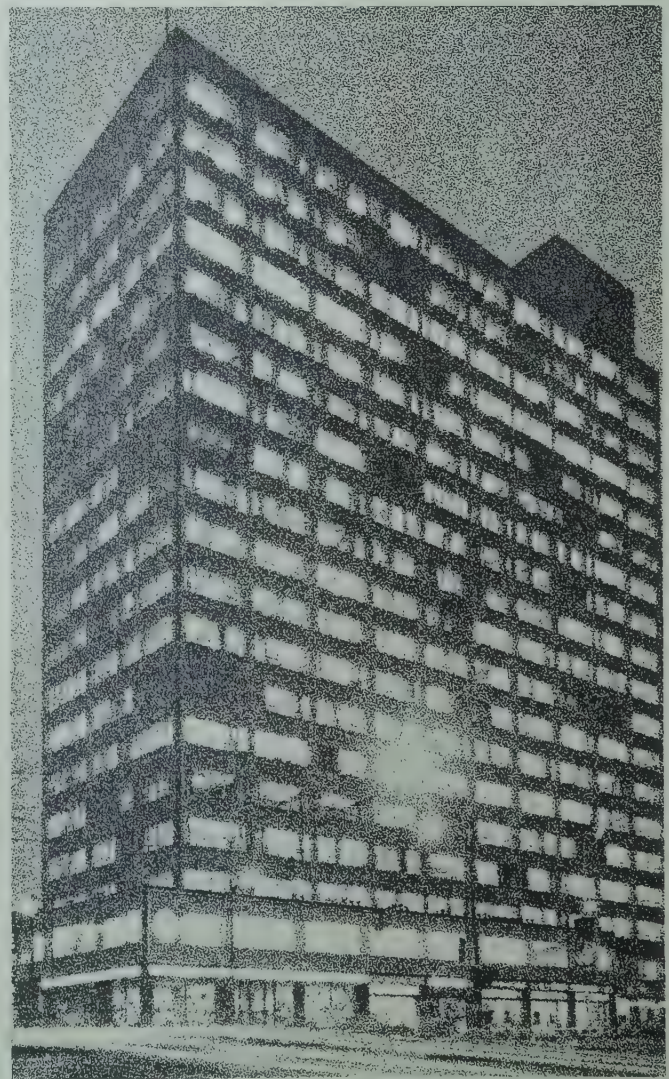




*Columbus House*



*Thunderbird*



*Burrard Building*



## ASSOCIATE BROKERS

*A Total Real Estate Service*



People all across the country can now benefit from Block Bros.' policy of "success through service". Early in 1969 the company started the Associate Broker program, and by year-end had officially established the Associate Broker Service Division to bring clients a total real estate service throughout Canada. This service assures clients of competent, reliable advice on all real estate matters anywhere in Canada, whether it be for selling a property, buying a new residence or business, or simply to answer questions about the new location.

Associate Broker arrangements have been negotiated with real estate companies in B.C., Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Still in its development stages, the program resulted in arrangements being concluded with 38 firms operating a total of 93 offices. Further arrangements are being negotiated to increase coverage to 120 offices with over 2000 sales personnel.

People moving from the Vancouver area to another part of British Columbia, another part of the country, or people moving into the Lower Mainland from other areas are offered a more comprehensive service.

Clients who are moving to a new area are referred to the broker whom Block Bros. considers offers the best service. These brokers in turn refer their clients to Block Bros. The Associate Broker team consists of qualified, experienced Realtors chosen for their integrity and interest in providing the best possible service to the client and for their specialist knowledge of their region. The service embraces all types of real estate — residential, commercial, investment, farm, ranches and recreational lands.

A major benefit to the client is the availability, on a nation-wide basis, of the Block Bros. trade plan. Sudden moves can thus be less disruptive and involve less financial risk.

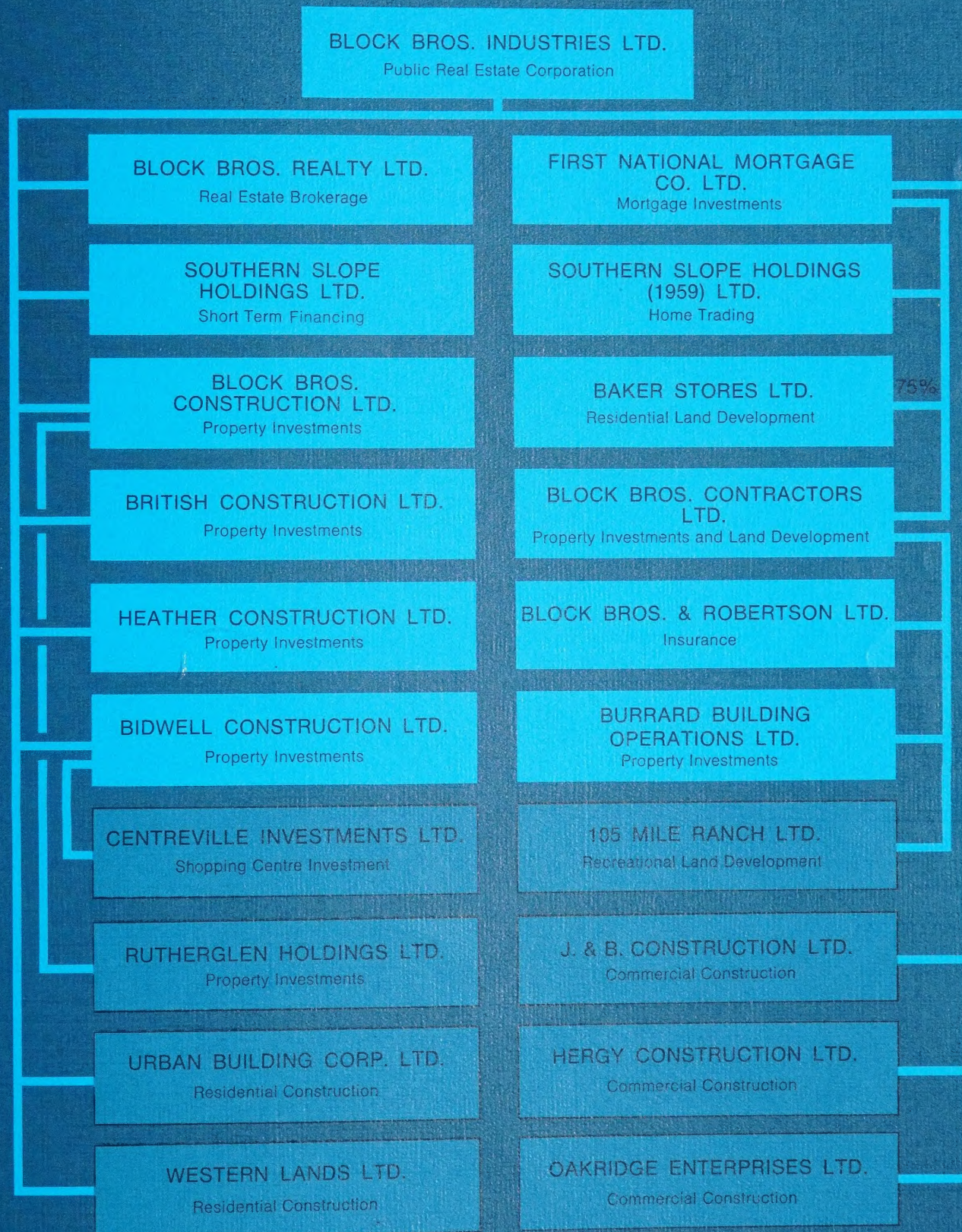
The benefits of the Block Bros. Associate Broker team can accrue to the small brokerage firm and the large. Even the smallest firm can be a cross-Canada venture. And these benefits are passed on to the client — even when he's thousands of miles away, he is, in effect, still dealing with "the folks back home".

Plans call for the establishment of an Information Centre which will develop a library of real estate information on all areas of Canada at Block Bros.' and Associate Brokers' offices.



## CORPORATE STRUCTURE

Indicating Major Functions and Source of Income



50% Companies - not consolidated  
 Unless otherwise indicated, all subsidiaries are wholly owned  
 Minor and inactive subsidiaries not shown



## CORPORATE DIRECTORY

### DIRECTORS

Arthur J. Block  
Henry J. Block  
John G. Chaston  
Clayton B. Delbridge  
Peter J. Funk  
Jacob Jantzen  
Morley Koffman  
Grant P. Kylo  
Campbell M. Robertson

### EXECUTIVE OFFICERS

Arthur J. Block Chairman  
Henry J. Block President  
Grant P. Kylo Vice-President  
Peter J. Funk Controller  
John Martens Assistant Controller  
Leon Kahn Investment Division Manager  
Ernest Friesen Land Development Division Manager  
Norman Sawatzky General Sales Manager  
Cornelius H. Neumann I.C.I. Manager  
Donald W. Wensley Vancouver Island Manager

### MANAGEMENT

Arthur H. Niessen, Harold Semrau Cambie  
Edward Ewert, Jerry Zaleschuk Kingsway  
Herman H. Wiebe, Jack Shier Granville  
Kenneth Gibbons, Carl Gray North Vancouver  
Ronald Cochrane, Arthur Kroeker Coquitlam  
William Niessen, Daniel Kerluke Richmond  
Noel S. Butcher, Vern Waidson Surrey  
Arthur Schroeder, Fred Kriz West Side  
Cabeil English Burnaby  
Rudy Roesner, Harold Flanagan New Westminster  
Robert Cochrane Haney  
William Chalmers Fraserview  
Cornelius H. Neumann Burrard  
John Ens West Vancouver  
Frank Stanhope Delta

Robert Quinnell Abbotsford  
Edmund R. Jones, Nick Sykes 108 Ranch  
Oliver B. Hill, Arthur Morin Nanaimo  
David Paterson Courtenay  
Dennis O'Leary Campbell River  
Raymond Rawnsley Victoria Blanchard  
Rene Rougeau Victoria Shelbourne  
Isaac Thiessen Recreational Land  
John Laurenson Associate Brokers  
Ernest Friesen Land Development  
Robert Stagg Education  
Alvin H. Ens Property Management  
J. Stan Wilkinson Insurance  
John Piket Computer Systems  
Bette E. Davy Conveyancing

### CORPORATE DATA

Head Office 1030 West Georgia Street, Vancouver 5, B.C.  
Registrar and Transfer Agent Royal Trust Company, Vancouver and Toronto  
Auditors Collins, Love, Eddis, Valiquette & Barrow, Vancouver  
Stock Listed Vancouver and Toronto Stock Exchanges







